



November 18, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Dominion Energy South Carolina, Inc.'s Filing of Quarterly Monitoring Report for the twelve-month period ending March 31, 2019, and Proposed Rate Adjustments pursuant to the Natural Gas Rate Stabilization Act
Docket No. 2019-6-G

Dear Ms. Boyd:

In Order No. 2019-729 dated October 15, 2019, in the above-referenced docket, the Public Service Commission of South Carolina directed Dominion Energy South Carolina, Inc. ("DESC" or the "Company") to provide by November 18, 2019, its position regarding the recommendation made by the South Carolina Office of Regulatory Staff ("ORS") that "the financial baseline metrics that were adopted by the Commission in Order No. 2005-619 be reviewed and adjusted to ensure the [Natural Gas Rate Stabilization Act ("RSA")] benefits both DESC and the customer" ("ORS Recommendation"). See ORS Reply to DESC's Response, p. 4 (Sept. 26, 2019).

In its Response to ORS Reply to DESC's Response filed with the Commission on October 1, 2019, the Company responded to the ORS Recommendation as follows:

Finally, in the conclusion of the ORS Reply, ORS requests that this Commission review and adjust the "financial baseline metrics" (presumably including the allowed rate of return) adopted by the Commission in Order No. 2005-619. The Natural Gas Rate Stabilization Act does not provide for adjusting or resetting the Company's rate of return in RSA proceedings and specifically provides that a utility's authorized rate of return will remain in force as otherwise approved. ORS's request is outside the statutory authority of the Commission in proceedings under the Natural Gas Rate Stabilization Act and should be denied for that reason.

DESC's Response to ORS Reply to DESC's Response, p. 3 (Oct. 1, 2019).

The Honorable Jocelyn G. Boyd
November 18, 2019
Page 2

In response to the directive contained in Commission Order No. 2019-729, the Company hereby reiterates, and incorporates by reference, its position stated in its October 1, 2019 filing.

On April 26, 2005, in Docket No. 2005-113-G, the Company filed an application, pursuant to S.C. Code Ann. § 58-5-240, for, among other things, approval of adjustments in the Company's natural gas rate schedules and tariffs. In that application, the Company "elect[ed] to have the terms of [the RSA] apply to its rates and charges for gas distribution service, on a prospective basis" See S.C. Code Ann. § 58-5-410 and Application, p. 2, in Docket No. 2005-113-G. Pursuant to S.C. Code Ann. § 58-5-410, the Company's election "shall remain in effect until the next general rate proceeding." See also S.C. Code Ann. § 58-5-415. There has been no general rate proceeding for the Company's natural gas rates since the issuance of Order No. 2005-619. As such, the Company's election made in its application in Docket No. 2005-113-G remains in effect and the range for DESC's cost of equity that includes a band of fifty basis points below and fifty basis points above the cost of equity on which rates were set in Order No. 2005-619 remains in effect for the proceeding in the above-referenced docket. See S.C. Code Ann. § 58-5-450 ("The Office of Regulatory Staff shall propose those adjustments it determines to be required to bring the report into compliance with Section 58-5-440," and based upon that report and the findings of any ORS audit, the Commission "shall order the utility to make the adjustments to tariff rates necessary to achieve the revenue levels indicated in Section 58-5-440."). Based on the foregoing and the Company's previous response included in its October 1, 2019 filing, incorporated herein by reference, the ORS's proposed review and adjustment of the Company's cost of equity range or other "financial baseline metrics" adopted in Order No. 2005-619 is impermissible in this proceeding.

If you have any questions, please advise.

Very truly yours,



Matthew W. Gissendanner

MWG/kms
Enclosures

cc: Andrew M. Bateman, Esquire
Jenny R. Pittman, Esquire
(both via electronic mail and U.S. First Class Mail w/enclosures)